

Exhibit A
To Registration Statement
Pursuant to the Foreign Agents Registration Act of 1938, as amended

Privacy Act Statement. Every registration statement, short form registration statement, supplemental statement, exhibit, amendment, copy of informational materials or other document or information filed with the Attorney General under this Act is a public record open to public examination, inspection and copying during the posted business hours of the Registration Unit in Washington, DC. One copy of every such document, other than informational materials, is automatically provided to the Secretary of State pursuant to Section 6(b) of the Act, and copies of any and all documents are routinely made available to other agencies, departments and Congress pursuant to Section 6(c) of the Act. The Attorney General also transmits a semi-annual report to Congress on the Administration of the Act which lists the names of all agents registered under the Act and the foreign principals they represent. This report is available to the public.

Public Reporting Burden. Public reporting burden for this collection of information is estimated to average .49 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, DC 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

*Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.*

1. Name and address of registrant Cleary, Gottlieb, Steen & Hamilton 1. One Liberty Plaza, New York, NY 10006-1470 2. 2000 Pennsylvania Avenue, N.W., Washington, DC 20006-1801		2. Registration No. 508
3. Name of foreign principal Ministry of Finance of the Republic of Iraq	4. Principal address of foreign principal Ministry of Finance Palestine Street Baghdad, Iraq	
5. Indicate whether your foreign principal is one of the following: <input checked="" type="checkbox"/> Foreign government <input type="checkbox"/> Foreign political party <input type="checkbox"/> Foreign or domestic organization: If either, check one of the following: <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Association <input type="checkbox"/> Committee <input type="checkbox"/> Voluntary group <input type="checkbox"/> Other (specify): _____ <input type="checkbox"/> Individual-State nationality _____		
6. If the foreign principal is a foreign government, state: a) Branch or agency represented by the registrant. Ministry of Finance b) Name and title of official with whom registrant deals. Dr. Adel Abdul-Mahdi, Minister of Finance		
7. If the foreign principal is a foreign political party, state: a) Principal address. N/A b) Name and title of official with whom registrant deals. c) Principal aim.		

8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal

N/A

b) Is this foreign principal

Supervised by a foreign government, foreign political party, or other foreign principal

Yes ☐ No ☐

Owned by a foreign government, foreign political party, or other foreign principal

Yes ☐ No ☐

Directed by a foreign government, foreign political party, or other foreign principal

Yes ☐ No ☐

Controlled by a foreign government, foreign political party, or other foreign principal

Yes ☐ No ☐

Financed by a foreign government, foreign political party, or other foreign principal

Yes ☐ No ☐

Subsidized in part by a foreign government, foreign political party, or other foreign principal

Yes ☐ No ☐

9. Explain fully all items answered "Yes" in Item 8(b). *(If additional space is needed, a full insert page must be used.)*

N/A

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

N/A

Date of Exhibit A	Name and Title	Signature
July 14, 2004	Kenneth L. Bachman, Partner	

Exhibit B
To Registration Statement
Pursuant to the Foreign Agents Registration Act of 1938, as amended

INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements, or, where no contract exists, a full statement of all the circumstances by reason of which the registrant is acting as an agent of a foreign principal. One original and two legible photocopies of this form shall be filed for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Privacy Act Statement. Every registration statement, short form registration statement, supplemental statement, exhibit, amendment, copy of informational materials or other document or information filed with the Attorney General under this Act is a public record open to public examination, inspection and copying during the posted business hours of the Registration Unit in Washington, DC. One copy of every such document, other than informational materials, is automatically provided to the Secretary of State pursuant to Section 6(b) of the Act, and copies of any and all documents are routinely made available to other agencies, departments and Congress pursuant to Section 6(c) of the Act. The Attorney General also transmits a semi-annual report to Congress on the Administration of the Act which lists the names of all agents registered under the Act and the foreign principals they represent. This report is available to the public.

Public Reporting Burden. Public reporting burden for this collection of information is estimated to average .33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, DC 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

1. Name of Registrant Cleary, Gottlieb, Steen & Hamilton	2. Registration No. 508
3. Name of Foreign Principal Ministry of Finance of the Republic of Iraq	

Check Appropriate Boxes:

4. ☐ The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach a copy of the contract to this exhibit.
5. ☒ There is no formal written contract between the registrant and the foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach a copy of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
6. ☐ The agreement or understanding between the registrant and the foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and expenses, if any, to be received.

Please see the attached Request for Qualifications for Private Legal Counsel to Advise on Iraqi External Sovereign Debt and Gulf War Obligations and our response. We have subsequently been informed by the Minister of Finance that we have been selected to be the Legal Advisor for the Republic of Iraq in connection with Iraq's sovereign debt restructuring. See also the attached excerpt from the press release of the announcement of this selection by the Minister of Finance.

7. Describe fully the nature and method of performance of the above indicated agreement or understanding.

The above indicated agreement will be performed by our furnishing legal services as may be requested by the foreign principal from time to time. This may include assisting or representing the foreign principal at meetings or in communication with U.S. Government officials.

8. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

See answer to question 7.

9. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act and in the footnote below? Yes ☒ No ☐

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

See answer to question 7.

Date of Exhibit B July 14, 2004	Name and Title Kenneth L. Bachman, Partner	Signature 
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Footnote: Political activity as defined in Section 1(o) of the Act means any activity which the person engaging in believes will, or that the person intends to, in any way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

Kamil Gailani
Minister of Finance
Republic of Iraq

This is a Ministry of Finance Request for Qualifications

REQUEST FOR QUALIFICATIONS

FOR

**PRIVATE LEGAL COUNSEL TO ADVISE ON IRAQI
EXTERNAL SOVEREIGN DEBT AND GULF WAR OBLIGATIONS**

Through this Request for Qualifications, the Ministry of Finance of the Republic of Iraq will select a Legal Adviser or Legal Advisers for the Republic of Iraq in connection with Iraq's external sovereign debt and other obligations arising out of the Gulf Wars. Questions and requests for clarification may be submitted until April 29, 2004, by e-mail to the Ministry of Finance's e-mail address at: RFQmailbox@financeministryiraq.org. An electronic copy of your response must be received at this same e-mail address no later than 5:00 PM Baghdad time on May 10, 2004. Also no later than 5:00 PM Baghdad time on May 10, 2004, ten (10) hard copies of your response must be date and time stamped by DHL as having been received by DHL for delivery to the Baghdad address specified herein.

Overview

The Ministry of Finance (MOF) of the Republic of Iraq (Iraq) in cooperation with the Central Bank of Iraq (CBI) in its capacity as the fiscal agent for the Government of Iraq, is responsible for management of Iraq's external financial obligations. In addition to Iraq's debt to foreign sovereign entities and debt to foreign private interests, Iraq faces claims being processed through the United Nations Compensation Commission (all of these debts and reparations are referred to hereinafter as "Claims"). It is difficult to quantify these and other potential Claims because important records of financial obligations have been destroyed during recent military action in Iraq and because some creditors have not yet reported their claims on Iraq.

The purpose of this Request for Qualifications is to select a leading private law firm that can advise Iraq regarding the Claims Iraq currently faces and, potentially, other Claims from individuals, governments, corporations, or other entities located outside of Iraq. Responses should be from law firms who have very extensive, recent experience representing sovereigns in highly complex sovereign debt restructuring issues.

The MOF intends to retain a financial adviser. If the retention of a legal adviser does not become unexpectedly protracted, the financial adviser will most likely be retained after the legal adviser and the legal adviser may be called upon by the MOF to advise on that process. The MOF has

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retained Ernst and Young to assist it in reconciling the debt and building a comprehensive record of all sovereign liabilities.

The legal adviser selected under this RFQ may be required to interpret contracts for the purpose of quantifying current liabilities. Current information indicates that Iraq owes a variety of creditors in approximately 67 countries around the world. Legal advice may also be required in what is expected to be a lengthy face-to-face reconciliation of creditor and debtor records. The basis for building this consolidated record will be individual records and reports located in Iraq. In many cases, these records will be incomplete. In other cases, legitimate claims will not be represented by records within Iraq. Legal advice will be required for the process of soliciting information for these legitimate claims. A critical part of the reconciliation process will be identification and elimination of fraudulent claims. Due to the means by which creditors secured themselves, many credits are represented by overlapping guarantees or letters of credit. Accordingly, identification and elimination of duplicate claims will be a major work item.

The following are the types of obligations identified thus far in the process:

- Unpaid letters of credit in favor of both offshore banks and non-financial corporations guaranteed by the CBI
- Unpaid letters of credit between the state-owned banks and offshore banks and non-financial corporations
- Formal loan agreements between Rafidain Bank and two offshore bank syndicates
- Guarantees issued by the CBI for other debt instruments
- "Deferred payments" – mostly promissory notes or bills of exchange in form, some guaranteed by the CBI or Rafidain, probably all due to offshore non-financial corporations
- "Investments" in Iraqi institutions by offshore entities with debt-like characteristics such as repayment schedules
- Overdrafts of the CBI and commercial banks with foreign correspondent banks
- Credits granted by the Kingdom of Saudi Arabia, Kuwait, Qatar and the Emirates to finance the Iran-Iraq War

The borrowings behind these instruments may have been by Iraqi corporations, both public and private, and government entities, including both national ministries and the regional governorates.

Categories of obligations that could be treated in a debt operation:

- Paris Club – official bilateral claims such as ECA or direct loans

- Non-Paris Club Official Bilateral – this category is for credits of sovereigns that will not be directly bound by the Agreed Minute. The “comparability” provision of the Paris Club, however, should be strictly applied to these credits and settlement should be expected on Paris Club terms.
- London Club – includes the two \$500 million agented deals with Rafidain, outstanding loans or overdrafts arising from a large number of credits under L/Cs due to offshore banks, and other overdrafts of the CBI and the state-owned banks with offshore correspondent or central banks.
- Trade Finance – defined as “obligations arising from a letter of credit written in favor of an offshore non-financial corporation or person
- Iran-Iraq War Credits granted by the Kingdom of Saudi Arabia, the Emirates, Qatar and Kuwait.
- Contractual Obligations – claims arising from unpaid sovereign or sovereign-guaranteed contracts. The UN sanctions should be respected in determining the validity of these claims. There should be a careful analysis, just as in the Paris Club, of the appropriateness of any prospective cut-off date.

Response Information

The MOF seeks written responses to this RFQ from law firms. The written response is limited to 10 pages, excluding Appendices. While there is no explicit page limit for appendices, the MOF requests that they be as short as reasonably possible.

The deadline for responses to this RFQ is 5:00 PM Baghdad time on May 10, 2004 (21 calendar days from the issuance of this RFQ). By this time and date, an electronic copy of responses must be received at: RFQmailbox@financeministryiraq.org. Also no later than 5:00 PM Baghdad time on the same day, ten (10) hard copies of all responses must be delivered to DHL as shown by DHL’s date and time stamp as having been received by DHL for delivery to the following Baghdad address:

Ministry of Finance
C/o Coalition Provisional Authority
Ministry of Finance Team
Main Palace, Room S205
Baghdad, Iraq

The MOF does not yet have a functioning web site. Accordingly, at the request of the MOF, this RFQ will be posted on the CPA website (www.cpa-iraq.org/business/). (The date on which the RFQ appears on the CPA website shall be considered the date of public issuance of the RFQ.) The MOF and CBI shall endeavor to have a notice of and a link to the RFQ provided to international bar committees. Any amendments to the RFQ or the time schedule will be posted to the same

website. If the MOF amends the RFQ, the MOF may elect to extend the response date and other dates in the selection process.

Inquiries about this RFQ, or requests for clarification of the RFQ, must be made by e-mail to RFQmailbox@financeministryiraq.org. The MOF requires that once the RFQ is made public, all questions regarding the RFQ be made in written form to the e-mail address noted in the prior sentence. An applicant that contacts MOF or CBI officials during the submission period, other than through the e-mail site above, is subject to disqualification from consideration under this RFQ.

The question period will end 10 days after the public issuance of the RFQ. Each question with an answer regarding the RFQ will be posted on the CPA web site. When a question and answer is posted to the website, the identity of the entity or individual asking the question will not be revealed.

The MOF and CBI will evaluate each response based on the criteria specified in the "Selection and Contract" section of this RFQ and, in their discretion, may select a group of respondents to make individual oral presentations or may proceed directly to a selection. The MOF and CBI will decide whether to hear presentations based on whether they believe the presentations will assist in making an informed selection. If the MOF and CBI elect to hear presentations, the presentations are likely to take place in Baghdad or at a mutually acceptable location outside of Iraq at the earliest practicable opportunity. These presentations will be no more than one and a half hours in length, with 30 additional minutes for a question and answer period. Firms selected to make a presentation will be asked to provide a copy of their standard retainer agreement and may be asked to supply additional information bearing on whether the firm should be considered responsible for purposes of this solicitation.

The planned calendar for the selection process is as follows:

Date	Selection Process
April 19, 2004	Request for Qualifications issued by posting complete RFQ on the CPA website (www.cpa-iraq.org/business/)
April 29, 2004	Question period closes.
May 3, 2004	Q & A's may be posted on the CPA website for all participants to view, without the names of those submitting questions.
May 10, 2004	Responses to the RFQ are due at 5 PM Baghdad time in electronic form at RFQmailbox@financeministryiraq.org and in hard copy to DHL for delivery to the address specified herein.
May 17, 2004	If applicable, selected respondents requested to make oral presentations are notified.
May 24-27, 2004	If applicable, presentations to the MOF and CBI at a location to be decided.
June 7, 2004	Notification to successful law firm(s).

Proposal Responsiveness

Responses shall include:

- A general description of the law firm and its history and office locations. Include the mailing address, telephone, and fax numbers of the office providing the proposal and the name and contact information of one individual whom the MOP should contact regarding matters relating to this RFQ.
- Experience representing sovereign debtors as lead counsel in a minimum of three sovereign debt restructurings in the period January 1, 1997 to date. If the firm has experience in more than three such restructurings, the firm should discuss the three most relevant to this RFQ and may discuss more in the firm's discretion. At a minimum, please provide the following with respect to the restructurings discussed:
 1. Name of client;
 2. Name of the lead lawyer(s) employed by respondent for each restructuring;
 3. Nature of financial obligations restructured with respondent's assistance;
 4. Paris or London Club involvement, if any;
 5. Special features of any of these restructurings that are particularly relevant to the Iraq case.
- Specific examples of situations where the law firm believes it has added value to sovereign clients in the area of recent debt restructurings, particularly to the extent that these situations presented challenges and issues comparable to the ones that Iraq may face in the same area.
- Curriculum vitae of the three leading attorneys employed by the law firm who would be handling matters for Iraq, including a description of their experience in the sovereign debt field and any published articles or other materials authored by them on sovereign debt issues.
- Specific statement of the resources to be assigned to this engagement and a brief statement of possible approaches to its challenges.
- Other support the firm would bring to the representation such as document management, interpreters for documents and oral interviews, IT, and so on.
- A statement of the firm's view concerning whether conflicts of interest involving other clients would significantly interfere with the firm's representation of the MOF.
- A general description of how the law firm would propose to bill for its services (whether, for example, on an hourly or project basis), with the understanding that Iraq cannot at this time estimate the number of hours or complexity of work that will be required.

- Whether, and if so, how, the law firm foresees the need to sub-contract any of the legal work.
- A discussion of the law firm's willingness to travel to Baghdad.

Selection and Contract

The MOF and CBI will review all responses and select the responsible law firm (or firms) whose offer conforming to the solicitation will be most advantageous to the interests of Iraq, cost and other factors considered. The MOF and CBI will consider the following factors, listed in order of their relative importance:

- **Experience** of the firm and the individuals proposed for the representation in representing sovereigns in highly complex sovereign debt restructuring issues, including experience in :
 - Advising a sovereign government in international debt restructuring with sovereign lenders (the Paris Club) including the resultant bilateral agreements negotiated under the agreed-upon Minute of the Paris Club;
 - Advising a sovereign and its financial intermediaries in debt restructuring with its international banking creditors (the London Club);
 - Advising a sovereign and its financial intermediaries in recognition and refinancing of trade financing claims arising from supplier and open account financing;
 - Advising a sovereign and its public commercial banks in the recognition and refinancing of trade financing claims arising from defaulted letters of credit;
 - Advising a sovereign regarding the issues arising from defaults under obligations contracted under Islamic Law;
 - Advising a sovereign in the resolution of pre- and post-judgment attachments registered in a spectrum of international jurisdictions; and
 - Advising a sovereign on the conversion of debt instruments into securitized instruments as a part of the refinancing of sovereign debt obligations;

Responses from firms that have acted as lead counsel for a minimum of three sovereign debt restructurings within the last five years will receive much more favorable consideration;

- **Proposed approach** of the firm in using its experience and resources to address the issues raised and advance the interests of the MOF in the representation;
- **Prior performance** of the firm and the key personnel proposed for the representation as measured by success in prior similar matters;
- **Cost** to the MOF.

Selection as the successful respondent(s) shall not create a contract between the respondent and the MOF. The MOF and the selected law firm(s) will endeavor to negotiate a specific retainer agreement that is satisfactory to all parties as quickly as practical. The contract will include applicable clauses found in CPA Memorandum Four, Appendix B such as Termination for the

convenience of the Government, Disputes, and Indemnification. CPA Memorandum Four is found at <http://www.iraqcoalition.org/regulations/index.html#Memoranda>. If such an agreement is not forthcoming, the MOF reserves the right, at its sole discretion, and at any time and for any reason, to withdraw its selection and commence negotiations with the next most qualified law firm(s).

Confidentiality

It is incumbent upon respondents to clearly identify information in their submission that should not be made public. Materials clearly marked as confidential shall be accorded appropriate treatment by the Iraqi interim administration, the Coalition member governments, and their departments and agencies to the extent permitted by Iraqi and United States law. Notwithstanding the foregoing, respondents agree that neither the MOF and CBI nor any party assisting with this RFQ shall bear responsibility or liability for any damages, claims or losses resulting from the publication of any information provided by any law firm responding to this RFQ or any later versions thereof or requests for additional information. In addition, any non-disclosure requirements will be subject to negotiation by the selected law firm and the MOF.

Reservations of Rights

The MOF reserves the right, in its sole judgment and discretion, to: (i) modify this RFQ in whole or in part; (ii) not select any law firm pursuant to this RFQ; (iii) retain more than one law firm; (iv) modify the scope of services to be provided by the selected law firm(s); (v) request additional information or clarifications from individual applicants; and (vi) reject any proposals it considers to be non-responsive or to be submitted by a party which is not responsible in the judgment of the CBI and MOF.

To be considered responsive, a proposal must provide the information specified in the "Responsibility Determination" section and demonstrate that the law firm is capable of fulfilling the requirements of this RFQ.

Responsibility Determination

The MOF and CBI will only select a firm that is deemed responsible, in the sole discretion of the MOF and CBI. The MOF and CBI make the determination of responsibility based on the following factors, judged as of the time of firm selection and the date specified for the start of contract performance:

- the availability of adequate financial resources to perform the contract;
- ability to comply with all required or proposed performance schedules, taking into consideration all existing business commitments;
- record of satisfactory performance with any Ministry of Iraq or other entities;
- satisfactory record of integrity and business ethics;
- necessary organization, experience, accounting and operational controls, and technical skills or the ability to obtain them; and
- other qualifications necessary for eligibility to receive an award under applicable laws and regulations.

Where, in the sole judgment of the MOF and CBI, a substantial portion of the contract is to be performed by a subcontractor, the MOF and CBI will make a similar determination about the responsibility of the subcontractor. The firm, of course, remains responsible for the performance of the subcontractor.

CLEARY, GOTTlieb, STEEN & HAMILTON

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May 6, 2004

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By Electronic Transmission and by DHL

Ministry of Finance
c/o Coalition Provisional Authority
Ministry of Finance Team
Main Palace, Room S205
Baghdad
Iraq

Re: Request for Qualifications for Private Legal Counsel to
Advise on Iraqi External Sovereign Debt and Gulf War Obligations

Ladies and Gentlemen:

We are writing in response to the above-captioned Request for Qualifications (the "RFQ"). Our firm would be honored to be considered for the role of international legal adviser to the Iraqi Ministry of Finance in connection with this assignment.

The Firm

Cleary, Gottlieb, Steen & Hamilton is a leading international law firm widely recognized for its expertise in finance, mergers and acquisitions and antitrust law, as well as for its tax, regulatory and litigation practice. Cleary Gottlieb employs more than 800 lawyers from more than 50 countries. These lawyers are admitted to practice in many jurisdictions around the world. The firm maintains offices in the principal financial centers of the United States, Europe and Asia. General information about our firm is attached as Annex 1 to this letter.

Sovereign Debt Expertise

Cleary Gottlieb is the preeminent international law firm in the field of sovereign debt management. In most situations, our clients are the debtor countries themselves, often acting through their ministries of finance or central banks.

The firm has advised more than 25 countries in connection with external debt management matters, including most of the countries that have rescheduled their London Club debt over the last two decades and many of those that have rescheduled Paris Club debt during this period. Among others, we have represented the ministries of finance and/or central banks of Argentina, Chile, Colombia, Dominica, the Dominican Republic, Ecuador, Guatemala, Guyana, Indonesia, Ivory Coast, Jamaica, Kuwait, Madagascar, Mexico, Nicaragua, Peru, the Philippines, Russia, Slovenia, South Korea, Tanzania, Uruguay and Yugoslavia in connection with external debt matters. A list of our firm's selected experience representing sovereign governments in external debt management matters is attached as Annex 2.

Our firm has worked closely with its sovereign clients since 1982 to devise more effective approaches to alleviating the external debt burdens of these countries. We have played, and are playing, a leading role in the development of the widely-accepted sovereign debt management techniques that have been used over the past two decades, and we have assisted in adapting these techniques to the special needs of our country clients. We participated from the outset in devising the legal framework for the modern sovereign debt restructuring process, and we have been intimately involved in drafting and negotiating the legal agreements that have been used to document these arrangements.

Among the innovative sovereign debt management features and techniques that we have helped develop are:

- collective action clauses;
- exit consents;
- debt-for-equity exchanges;
- debt-for-debt exchanges, including Brady bonds;
- committed trade facilities;
- co-financings with multilateral development institutions;

- securitized "new money" borrowings; and
- specialized transactional structures intended to achieve debt reduction or debt service reduction objectives.

A sovereign debt crisis is rarely an isolated phenomenon in any country. It is often accompanied by political instability, social unrest, strains on the domestic financial system and economic contraction. If the debtor country has broader geopolitical significance, its debt crisis -- and the resolution of its debt crisis -- will be closely monitored by its major trading partners, political allies and the international financial institutions.

Many of our sovereign clients have faced these challenges. Mexico in 1982 and 1995. The Philippines in 1986. Russia in 1992 and 1998. Argentina today.

We are accustomed to working on sovereign debt problems in high visibility, stressful situations. We maintain close and cordial relationships with institutions such as the IMF, the World Bank, the regional development banks, the Bank for International Settlements, export credit agencies and the finance ministries of creditor countries that are often involved in the workout of a client country's debt problems. We believe that these institutions view our firm as both a dedicated professional adviser to our sovereign clients, and as a significant contributor in its own right to the development of the policies and techniques of sovereign debt management.

Our firm has for 20 years invested heavily in the R&D aspects of this discipline outside of any specific client engagements. As a matter of firm policy, our lawyers are encouraged to research, publish and lecture on these topics as a means of contributing to the development of more effective sovereign debt management techniques. Debt reduction transactions, debt/equity conversion programs, collective action clauses, the use of exit consents in the sovereign debt context, sovereign debt securitization, the current pari passu debate and many other issues have been analyzed -- and in some cases actually prefigured -- by our lawyers in the published literature in this field.

Recent Sovereign Restructurings

The RFQ asks for examples of three major sovereign debt restructurings since 1997 in which this firm acted as lead counsel to the sovereign borrower. For this purpose, we have selected the debt restructurings of Russia (2000), Ecuador (2000) and Uruguay (2003). We have chosen these three examples because, in each case, the transactions resulted in significant debt relief for our sovereign clients and had features that may be relevant to Iraq's own impending debt restructuring.

I should note, however, that these three transactions were chosen from a much longer list of relevant experience. For example, we also acted as lead counsel in the debt restructurings for the Ivory Coast, Indonesia and South Korea over this same period, and we are currently engaged on similar assignments for three other sovereign clients (Argentina, Dominica and the Dominican Republic).

Russia. Our client, the Russian Federation, initially restructured the external indebtedness of the former Soviet Union (for which Russia had agreed to be responsible) in October 1997. The underlying claims involved in this restructuring comprised conventional syndicated commercial bank loans as well as à forfait paper, and various types of guarantees and suretyship arrangements.

The several thousand eligible debts were owed by a variety of Russian public sector entities to hundreds of creditors around the world. Because no payments had been made for many years, substantial interest arrears had built up on many of the claims. The agent banks had long since abandoned the task of keeping records of the current holders of the debt. Reconciling the debt was therefore a major threshold challenge. We worked closely with the debt reconciliation experts at Ernst & Young on this aspect of the assignment.

Russia again encountered severe financial difficulties less than a year after closing its 1997 restructuring. In August 1998, Russia simultaneously devalued its currency, ceased payments on its Rouble-denominated debt instruments and sought a further restructuring of the foreign currency instruments that had been issued in 1997 as part of the first debt restructuring. We again assisted the Russian Federation in a negotiated restructuring of these instruments, a transaction that reduced the affected debt stock by 35% and stretched out the repayment of the remaining debt over many years.

In December 2002, we advised the Russian Federation on its successful restructuring of the trade indebtedness of the ~~former~~ USSR for which Russia agreed to be responsible, on terms substantially similar to the terms agreed with Russia's London Club creditors.

We have also assisted the Russian Federation in all of its Paris Club reschedulings since the early 1990s, including advising on the bilateral agreements with each creditor country that implement the Paris Club Agreed Minutes.

The Cleary Gottlieb partners leading our work for Russia on these debt restructurings were David G. Sabel and Lee C. Buchheit.

Ecuador. Our client, the Republic of Ecuador, concluded a Brady restructuring with its commercial bank creditors in 1995 (we were counsel to the Government). In 1999, following a collapse in world oil prices and substantial infrastructure damage caused by the El Niño weather phenomenon, Ecuador was forced to seek a further restructuring of both its Brady bonds and its two outstanding series of Eurobonds.

This transaction was notable for several reasons. It was the first attempt to restructure Brady bonds. The transaction sought very significant debt relief from bondholders (as opposed to commercial banks), something that had not happened in the sovereign context since the 1930s and was widely thought to be impossible or impractical in the current environment. To encourage full participation, Ecuador introduced into this transaction a technique known as exit consents (the amendment of a debt instrument just prior to its exchange as a means of discouraging hold-outs), the first time that this technique had been used in a sovereign bond exchange.¹

More than 97% of Ecuador's bondholders accepted the restructuring (which closed in August 2000) and Ecuador's debt stock was reduced by approximately 40%.

As with Russia, we also assisted Ecuador in its Paris Club renegotiations over this same period.

Following its financial crisis in 1999-2000, Ecuador took over a number of local commercial banks that had significant trade debts to foreign financial institutions. In 2001, we assisted Ecuador in a restructuring of these trade credits over five years at an interest rate of LIBOR plus 1%.

The Cleary Gottlieb partners in charge of our representation of Ecuador on these matters were Lee C. Buchheit and Andrés de la Cruz.

Uruguay. Most recently, our client, the Republic of Uruguay, encountered severe difficulties in 2002 as a result of the deteriorating financial position of its neighbors, Argentina and Brazil. At the time, Uruguay had 19 series of bonds outstanding in the international capital markets, denominated in five different currencies. In addition, the country had more than 25 series of domestic bonds.

All of these bonds were restructured in a highly innovative transaction involving exit consents, novel collective action clauses and

¹ Described in Lee C. Buchheit and G. Mitu Gulati, "Exit Consents in Sovereign Bond Exchanges", 48 UCLA Law Rev. 59 (Oct. 2000).

bondholder meetings.² The transaction closed last May. Holders of more than 93% of the affected bonds participated in the transaction. A subsequent article in Euromoney praised the "flawless execution" that Uruguay received in this transaction from its financial advisers and from Cleary Gottlieb, and concluded that Uruguay had "extricated itself from a crippling crisis in one of the smoothest and most elegant operations ever seen in international finance."³

The Cleary Gottlieb partners leading the Uruguay restructuring were Lee C. Buchheit and Andrés de la Cruz.

Other Relevant Experience

Since the summer of last year, we have been assisting our client, JPMorgan Chase Bank, in its activities as coordinator of a consortium of international banks that helped set up and operate the trade finance services of the Trade Bank of Iraq. In addition to giving us an opportunity to work closely on Iraq-related matters with officials and legal counsel of the TBI, CPA, U.S. Treasury and FRBNY, a significant component of this engagement related to issues involving attachment risks and the operation of United Nations Security Council Resolution 1483 and U.S. Executive Order 13303. Lee C. Buchheit has acted as the firm's team leader on the Trade Bank of Iraq project.

Our general sovereign advisory practice has required us to become intimately familiar with questions involving creditor remedies, including attachments and restraining orders, that may be sought against sovereign debtors. We are frequently called upon to advise sovereign clients on litigation matters both in the United States and elsewhere.

Proposed Approach

A significant reduction in the level of Iraq's debt is one of the major conditions for Iraq to move forward with its economic recovery program. This goal must therefore be addressed swiftly and successfully.

If selected for this assignment, we would envision a series of preliminary meetings with the Ministry of Finance and, where appropriate, the debt reconciliation agents, in order to plan strategy, take decisions on crucial threshold issues such as the categories of debts eligible to participate in the transaction, and agree the sequencing of events going forward. In the second stage, we would work with the Government and its financial adviser (if selected) to design an overall debt management strategy consistent with Iraq's limited debt

² Described in Lee C. Buchheit and Jeremiah S. Pam, "Uruguay's Innovations", 19 J. Int'l Banking L. & Reg. 28 (2004).

³ Felix Salmon, "Uruguay's Elegant Transformation," Euromoney, Feb. 2004 at 87, 91.

servicing capacity. The third phase would involve consultations with affected creditors, preparation of disclosure documents, and decisions concerning the methodology and the instruments to be used in the debt restructuring. In the fourth stage, the strategy would be executed, either in a single, integrated program or sequentially with the various creditor groups.

We have been through many similar exercises in countries all around the world. Drawing upon that experience, we believe that we can quickly identify the issues and options that will be relevant at each stage of the program. Some amount, perhaps a large amount, of innovation and creativity will be required to bring this restructuring to a successful conclusion. For more than 20 years, our sovereign clients have expected us to find innovative solutions in just this kind of situation.

If the Government wishes to press ahead aggressively with the program, we believe that the restructuring could be closed within 8-12 months from initial launch. In saying this, we are not assuming that the debt reconciliation process will have been completed in that same timeframe; indeed, we expect reconciliation may continue into 2005. We have developed a number of techniques for our other sovereign clients (including Ecuador, Indonesia, Russia and South Korea) that permit the sequential reconciliation and restructuring of creditor claims. Following an initial closing, late-reconciled creditors are brought into a transaction as and when their claims are reconciled.

Staffing and Resources

If selected by the Ministry of Finance, Cleary Gottlieb would view this project as a very important engagement of the firm. The three partners of the firm who would be involved most actively on the project are Lee C. Buchheit, Mark A. Walker and Andrés de la Cruz. Biographical information is included as Annex 3 to this letter.

Mr. Buchheit would act as Cleary Gottlieb's team leader for the project. He is now based in New York but has previously served in the firm's Washington, D.C., London and Hong Kong offices. Mr. Buchheit has been involved in sovereign debt management projects since 1982, and has worked on sovereign debt restructurings for Mexico, the Philippines, Guatemala, Guyana, Russia, Nigeria, Tanzania, Ecuador, Uruguay and Dominica. He has published extensively on sovereign debt topics (a list of Mr. Buchheit's publications is attached to his biographical data in Annex 3).

Mr. Walker, also based in our New York office, is the senior partner in the firm's sovereign advisory practice group. He has previously served in the firm's Paris and Brussels offices. Mr. Walker has also been involved in sovereign debt matters since 1982 and has acted as team leader for our representation of Mexico, Indonesia, Slovenia and South Korea in their prior debt restructurings. He has also been involved in similar exercises for the Philippines, Guatemala, the Ivory Coast and Peru.

Mr. de la Cruz will, beginning July 1, 2004, be resident in the firm's Frankfurt office. We believe that this could be quite helpful in a project with major European bilateral creditors. He has previously served in the firm's Brussels and New York offices. Mr. de la Cruz has been involved in the sovereign debt restructurings of Ecuador and Uruguay, and he has acted as the firm's team leader for many corporate debt restructurings in Latin America.

Messrs. Buchheit, Walker and de la Cruz will be assisted by other partners and associates of the firm as appropriate. Members of our sovereign practice group are resident in several of the European and Asian offices of the firm. The associate team assigned to this project will include Arabic-speaking lawyers.

Billing

We note the statement in the RFQ that the Ministry of Finance is not now in a position to estimate how much time this project may take.

We would therefore propose to set the fees for our services on this engagement based upon the hours worked and the seniority of the lawyers charging those hours. It is also our practice to invoice our clients separately for certain ancillary charges (such as travel expenses, document production and so forth) incurred by us in connection with providing these services.

We will send under separate cover the form of engagement letter that we have used with a number of our other sovereign clients. That document addresses in more detail our billing practices.

Subcontracting

We do not now foresee the need to subcontract any significant part of this project to other law firms. The Ministry may wish, however, to retain special Iraq counsel to advise on local law issues that may affect the restructuring. Also, we may suggest that the Ministry obtain specialist legal advice in certain jurisdictions (particularly on attachment issues) depending on how the transaction is structured.

Conflicts

We do not believe that any of the firm's other client relationships will create a conflict of interest in our taking on this assignment. We want the Ministry to be aware, however, that our firm has for many years advised the Ministry of Finance of Kuwait and the Kuwait Investment Office on certain financing matters. In the early 1990s, we assisted the State of Kuwait in helping to prepare war reparation claims for submission to the tribunal in Geneva.

Also, as noted above, we represent the Russian Federation on that country's external debt management matters. We assume that Russia will participate in the general Paris Club discussion of the Iraq situation and that we would not be expected, as part of this engagement, to take an adversarial position vis-à-vis Russia as an individual creditor.

We have also advised the South Korean company, Daewoo, on its own debt restructuring and related matters. Although we believe Daewoo to be a creditor of Iraq, we have not advised Daewoo on those investments.

Travel to Baghdad

We are prepared to attend meetings in Baghdad as required, consistent with the need to assure the safety of our personnel. Unlike the debt reconciliation team, however, our experience shows that most of the activities of the international legal advisers on this type of project will be performed outside of the debtor country.

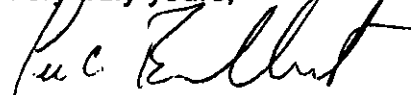
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Our firm would be honored to assist the Ministry of Finance in this extremely important engagement. Please let us know if any further information about our firm or its experience would be helpful in your deliberations.

I will be pleased to serve as the contact person for this firm. My contact information is:

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Very truly yours,



Lee C. Buchheit

cc: Mark A. Walker
Andrés de la Cruz

Attachments

- | | |
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| Annex 1 | General information |
| Annex 2 | Selected experience representing sovereign governments in external debt management matters |
| Annex 3 | Biographical information for Lee C. Buchheit, Mark A. Walker and Andrés de la Cruz |

Reuters News
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Wednesday, July 7, 2004

Iraq hires consultants to verify \$120 bln debt.

BAGHDAD, July 7 (Reuters) - Iraq has hired international consultants to help assess financial claims on the country from the Saddam Hussein era, Iraqi Finance Minister Adel Abdul-Mahdi said on Wednesday. U.S. accountants Ernst and Young and lawyers Clearly Gottlieb Steen & Hamilton will help the ministry verify debt claims estimated at around \$120 billion, he said.

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